EXHIBIT D

Financials

INDEPENDENT TELECOMMUNICATIONS SYSTEMS, INC.

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2001

INDEPENDENT TELECOMMUNICATIONS SYSTEMS, INC.

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MERSMAN & SNYDER PLC
CERTIFIED PUBLIC ACCOUNTANTS

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To Board of Directors
Independent Telecommunications Systems, Inc.
Grand Rapids, Michigan

We have reviewed the accompanying balance sheet of Independent Telecommunications Systems, Inc. as of December 31, 2001, and the related statement of revenue and expenses, stockholders' equity and cash flows for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of Independent Telecommunications Systems, Inc.

A review consists principally of inquiries of Company personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

The financial statements for the year ended December 31, 2000, were reviewed by other accountants, and their report thereon, dated April 23, 2001, stated that they were not aware of any material modifications that should be made to those statements for them to be in conformity with generally accepted accounting principles. However, a review is substantially less in scope than an audit and does not provide a basis for the expression of an opinion on the financial statements taken as a whole.

Our review was made for the purpose of expressing limited assurance that there are no material modifications that should be made to the financial statements in order for them to be in conformity with generally accepted accounting principles. The information included in the accompanying Schedules on pages 18-20 is presented only for supplementary analysis purposes. Such information has been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, and we are not aware of any material modifications that should be made thereto.

Mersman & Snyder, PLC

Mersman & Snyder, PLC

March 25, 2002

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INDEPENDENT TELECOMMUNICATIONS SYSTEMS, INC.
BALANCE SHEET
DECEMBER 31, 2001

	2001
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents **(Note 2)**	$ 61,396
Accounts receivable **(Note 3)**	474,772
Marketable securities **(Note 4)**	107,131
Inventory	155,652
Refundable taxes	336,030
Prepaid expenses and other current assets	29,472
Deferred income taxes **(Note 5)**	7,200
Total Current Assets	1,171,653
EQUIPMENT AND LEASEHOLD IMPROVEMENTS	
Furniture and equipment	471,005
Vehicles	98,296
Building and warehouse	37,887
Software	160,561
	767,749
Less: Accumulated depreciation	424,442
Total Equipment and Leasehold Improvements	343,307
NOTE RECEIVABLE – RELATED PARTY **(Note 9)**	1,046,222
DEFERRED INCOME TAXES **(Note 5)**	5,100
	1,051,322
	$ 2,566,282

LIABILITIES AND STOCKHOLDERS' EQUITY

	2001
CURRENT LIABILITIES	
Bank overdrafts **(Note 2)**	$ 14,297
Line of credit **(Note 6)**	102,275
Current portion of long-term debt	
Financial institutions **(Note 8)**	130,436
Capital leases **(Note 10)**	17,529
Accounts payable	203,244
Accrued expenses and payroll liabilities **(Note 7)**	112,182
Total Current Liabilities	579,963
LONG-TERM DEBT – NET OF CURRENT PORTION	
Financial institutions **(Note 8)**	576,918
Capital leases **(Note 10)**	27,975
Total Liabilities	1,184,856
STOCKHOLDERS' EQUITY	
Common stock, 45,000 shares authorized,	
$1 par value, 13,250 issued and outstanding **(Note 11)**	
No par value, 2,427 issued and outstanding **(Note 11)**	1,325
Additional paid-in-capital **(Note 11)**	825,738
Retained earnings	552,293
Accumulated other comprehensive income	2,070
Total Stockholders' Equity	1,381,426
	$ 2,566,282

See accompanying notes and accountants' report.

INDEPENDENT TELECOMMUNICATIONS SYSTEMS, INC.
STATEMENT OF REVENUE AND EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2001

	2001	%
REVENUE	$ 5,859,093	100.0%
COST OF EARNED REVENUE	1,545,519	26.4
GROSS PROFIT	4,313,574	73.6
EXPENSES		
Selling, general and administrative expenses	5,034,305	85.9
LOSS FROM OPERATIONS	(720,731)	(12.3)
OTHER INCOME AND (EXPENSE)	(144,498)	(2.5)
LOSS BEFORE INCOME TAXES	(865,229)	(14.8)
INCOME TAX (BENEFIT)	(280,642)	(4.8)
NET LOSS	(584,587)	(10.0)
OTHER COMPREHENSIVE INCOME		
Unrealized gains on marketable securities, net of tax	2,070	0.1
COMPREHENSIVE LOSS	$ (582,517)	(9.9)%

See accompanying notes and accountants' report.

INDEPENDENT TELECOMMUNICATIONS SYSTEMS, INC.
STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2001

	Common Stock	Additional Paid-In-Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
BALANCE – January 1, 2001	$ 1,325	$ 47,181	$ 1,107,386	$ -	$ 1,155,892
RETAINED EARNINGS					
Adjustments for correction of errors in previously issued prior period financial statements net of $15,881 tax expense	-	-	29,494	-	29,494
BALANCE – January 1, 2001 as restated	1,325	47,181	1,136,880	-	1,185,386
ADDITIONAL PAID-IN-CAPTIAL					
Purchase of common stock	-	778,557	-	-	778,557
COMPREHENSIVE INCOME					
Net loss	-	-	(584,587)	-	(584,587)
Other comprehensive income, gross unrealized gains on marketable securities, net of tax	-	-	-	2,070	2,070
BALANCE – December 31, 2001	$ 1,325	$ 825,738	$ 552,293	$ 2,070	$ 1,381,426

See accompanying notes and accountants' report.

INDEPENDENT TELECOMMUNICATIONS SYSTEMS, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2001

	2001
CASH FLOWS FROM OPERATING ACTIVITIES	
Net Loss	$ (584,587)
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation and amortization	612,656
Bad debt expense	47,223
Gain on disposal of assets	(3,694)
Deferred income taxes	7,700
Prior period adjustment	29,494
(Increase) Decrease in assets:	
Accounts receivable	583,703
Refundable taxes	(336,030)
Inventory	165,305
Marketable securities	(10,320)
Prepaid expenses and other current assets	(482)
Increase (Decrease) in liabilities:	
Accounts payable	(169,764)
Income taxes payable	(55,945)
Accrued expenses and payroll liabilities	(79,202)
NET CASH PROVIDED BY OPERATING ACTIVITIES	206,057
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sale of asset	143,924
Purchase of equipment and leasehold improvements	(278,871)
(Investments in) payments from related parties – net	(472,076)
NET CASH USED IN INVESTING ACTIVITIES	(607,023)
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from stockholders loans	3,406
Proceeds from issuance of common stock	778,557
Proceeds (payments) on line of credit – net	(520,615)
Proceeds from bank loans	753,539
Payments from long-term debt	(577,264)
NET CASH PROVIDED BY FINANCING ACTIVITIES	437,623
INCREASE IN CASH AND CASH EQUIVALENTS	36,657
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	10,442
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 47,099

See accompanying notes and accountants' report.

INDEPENDENT COMMUNICATIONS SYSTEMS, INC
STATEMENT OF CASH FLOWS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2001

	2001
SCHEDULE OF NON-CASH INVESTING AND FINANCING ACTIVITIES	
Unrealized gain (loss) on marketable securities	$ 3,136
Purchase of equipment	$ 367,619
Less debt incurred	88,748
Cash paid to purchase equipment	$ 278,871

See accompanying notes and accountants' report.

INDEPENDENT TELECOMMUNICATIONS SYSTEMS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2001

NOTE 1 - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Independent Telecommunications Systems, Inc. (the Company) is presented to assist in understanding the Company's financial statements. The financial statements and notes are representations of the Company's management who are responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

Nature of Business

The Company is engaged in the voice and data telecommunications installation and service industry, principally in the State of Michigan. The Company incorporated in the State of Michigan in 1984. Its offices are all located in the State of Michigan in the cities of Grand Rapids, Kalamazoo, Battle Creek, and Southfield.

Method of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting that is used for Federal income tax reporting purposes. Under this method of accounting, revenue is recognized when amounts are earned and when the amount and timing of the revenue can be reasonably estimated. Expenses are recognized when they occur.

Cash and Cash Equivalents

For the purposes of the statements of cash flows, the Company considers all short-term investments with an original maturity of three months or less to be cash equivalents.

Accounts Receivable

The Company extends credit in the normal course of business to individuals, sub-contractors, businesses, organizations and institutions primarily in the State of Michigan. Consequently, the ability to collect amounts due may be affected by economic fluctuations. The Company considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

Inventories

Inventories consist primarily of telephone systems and related equipment. Inventory is stated at the lower of cost or market with cost determined by the first-in first-out method.

Equipment and Leasehold Improvements

Property and equipment are stated at cost. Depreciation is computed over the estimated useful life of the assets using primarily the straight-line method, ranging from 2 to 39 years. Expenditures for major renewals and betterments that extend the useful lives of equipment and leasehold improvements are capitalized. Expenditures for repairs and maintenance are charged against operations when incurred.

NOTE 1 - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Company uses Statement of Financial Accounting Standards No. 109 "Accounting For Income Taxes" (SFAS No. 109) - in reporting deferred income taxes. SFAS No. 109 requires a company to recognize deferred tax assets and liabilities for the expected future income tax consequences of events that have been recognized in the Company's financial statements. Under this method, deferred tax assets and liabilities are determined based on temporary differences between the financial carrying amounts and the tax bases of assets and liabilities using enacted tax rates in effect in the years in which the temporary differences are expected to reverse.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Advertising

The Company's policy is to expense advertising costs as the costs are incurred, unless the benefit extends beyond one fiscal year. For the year ended December 31, 2001, advertising costs amounted to $79,926.

NOTE 2 - CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following at December 31:

	2001
Checking accounts	
General	$ 45,564
Payroll	(14,297)
Savings account	15,832
	$ 47,099

The savings account bears interest at various rates ranging from 0.65 to 2.78 percent depending on the current account balance. At December 31, 2001, the savings account was bearing interest at 1.75 percent.

See accountants' report.

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable consists of the following at December 31:

	2001
Trade	
Billed	$ 152,116
Unbilled	321,430
Related party	1,226
	$ 474,772

Related party transactions are described in detail in Note 8.

NOTE 4 – MARKETABLE SECURITIES

At December 31, 2001, the marketable securities portfolio was comprised of equity securities classified as available for sales. Marketable securities considered available for sales securities are recorded in the financial statements at fair market value, in accordance with SFAS No. 115, Accounting for Certain Investments in Debt and Equity Securities. The corresponding unrealized gain or loss in the fair market value in relation to cost is accounted for as a separate item in the stockholders' equity section of the balance sheet.

Realized gains and losses on the sale of marketable securities are based on original cost, and are included in earnings.

The following summarizes the information related to trading securities as of December 31, 2001:

	2001
Market value	$ 174,308
Cost	198,635
Unrealized holding loss before income tax effect	$ (24,327)

The Company's investment account has a margin account with a balance of $67,177 as of December 31, 2001. Total marketable securities net of the margin account were $107,131 as of December 31, 2001. The margin account bears interest at 6.75% as of December 31, 2001.

The proceeds from the sales of available for sale securities were $8,275,118. and realized a loss of $42,966.

See accountants' report.

NOTE 5 - INCOME TAXES

The provision for income taxes consists of the following:

	2001
Current benefit	$ 636
Refundable taxes	(287,912)
Other comprehensive income	(1,066)
Deferred expense	185,300
Deferred benefit	(177,600)
Total tax expense (benefit)	$ (280,642)

Deferred tax assets and liabilities consist of the following:

	2001
Deferred tax asset – current	$ 8,300
Deferred tax asset – non-current	18,700
Deferred tax liability – current	(1,100)
Deferred tax liability – non-current	(13,600)
	$ 12,300

Deferred tax assets result from book to tax timing differences on accrued shareholders wages, contributions carryforward which expire December 31, 2006, and a capital loss carryforward which expires December 31, 2006. Deferred tax liabilities result from an unrealized gain on marketable securities and book to tax timing differences on certain property and equipment. Accelerated depreciation is used for tax reporting, and straight-line depreciation is used for financial statement reporting.

Cash paid for or received from income taxes for the years ended December 31, 2001 was $90,000 paid and $0 received.

See accountants' report.

NOTE 6 - SHORT-TERM BORROWINGS

The Company has a secured bank line-of-credit, which provides short-term borrowings up to $600,000 at prime rate. The prime rate was 4.75% as of December 31, 2001. The note is collateralized by accounts receivable, inventory, equipment and the personal guarantee of the Company's majority shareholder. The outstanding balance on this line-of-credit as of December 31, 2001 was $102,275. The bank line-of-credit is due to expire June 30, 2002.

In connection with the bank line of credit, the Company has agreed to certain covenants. These covenants disallow the Company to acquire or retire any of its shares of capital stock, or declare or pay dividends; to issue, sell, or otherwise dispose of any shares of its capital stock or other securities; or to advance or invest $150,000 or more to any person, firm, or corporation. These covenants require that the Company keep its working capital at or above $250,000; keep its tangible net worth at or above $665,000; and keep its leverage ratio (the ratio of its total liabilities to its tangible net worth) less than 2.50 and 1.00. Due to the noncompliance of certain covenants, the Bank may, at their discretion, call the note due.

The Company has also guaranteed the lines of credit of two related parties which totaled $345,000 as of December 31, 2001.

NOTE 7 – ACCRUED EXPENSES AND PAYROLL LIABILITIES

Accrued expenses and payroll liabilities consist of the following at December 31:

	2001
Accrued payroll	$ 96,435
401(k) withholding	7,629
Accrued interest	7,154
Union dues withholding	394
Sales and use tax	570
	$ 112,182

See accountants' report.

NOTE 8 – LONG-TERM DEBT

Long-term debt consisted of the following at December 31:

	2001
Notes payable to financial institutions, payable in monthly installments ranging from \$580.29 to \$682.53, including interest ranging from 6.98% to 10.00%, collateralized by vehicles.	\$ 26,659
Note payable to financial institution, payable in monthly installments of \$12,724.14, including interest at prime plus 1.00%, collateralized by all inventory, chattel paper, accounts receivable, equipment, and general intangibles.	680,695
Total	707,354
Less current maturities	130,436
Long-term debt	\$ 576,918

Principal payments on long-term debt are due as follows:

Year ended December 31	
2002	\$ 130,436
2003	130,966
2004	139,687
2005	138,697
2006	146,886
Thereafter	20,682
	\$ 707,354

Interest paid during the year ended December 31, 2001 was \$102,940.

See accountants' report.

NOTE 9 - RELATED PARTY TRANSACTIONS

Related party transactions are summarized as follows:

The Company rents office and warehouse space from ITS/Rockford Properties, LLC and NOUS Properties, LLC, both limited liability company's in which the majority stockholder and some minority stockholders are members. The lease between ITS/Rockford Properties, LLC is a ten-year lease beginning in April 2000, with an option for two five year renewals. The lease between NOUS Properties, LLC is a one year lease renewable annually beginning in January 2001. The amount paid in aggregate for rent expense during the year ended December 31, 2001 to ITS/Rockford Properties, LLC was $151,290 and to NOUS properties, LLC was $110,400.

The Company has a long term note receivable with four affiliates which the majority stockholder is a majority member in all affiliated LLC's. Various other minority stockholders are also members. The balance of the note receivable to each affiliate is ITS Technologies, LLC of $880,922, ITS Coresupport, LLC of $123,668, ITS Properties, LLC of $35,102, and NOUS Properties, LLC of $6,530. The funds loaned were for necessary operating capital needs as of December 31, 2001.

NOTE 10 – LEASES

The Company leases its facility from the related party's referred to in Note 9, and also rents office space from an unrelated party, under a five-year lease that began in June 2000. The Company also entered into eight operating leases. The Company has entered into a three year lease on a vehicle due to expire January 1, 2002, a three year lease on computers due to expire June 28, 2002, a four year lease on furniture due to expire October 28, 2002, two three year leases on vehicles due to expire June 1, 2003, a four year lease on furniture due to expire June 25, 2003, a three year lease on office equipment due to expire September 14, 2003, and a five year lease on office equipment due to expire April 27, 2004. The remaining rent expense is for various short-term equipment rentals.

The following is a schedule of future minimum operating lease payments:

2002	$ 309,088
2003	207,054
2004	192,304
2005	175,128
2006	165,937
Thereafter	636,942

See accountants' report.

NOTE 10 – LEASES (Continued)

The Company acquired equipment through a capital lease that had a fair market value buy out, which was exercised during December 2001. The equipment is leased to a customer with related management services. The management services are performed by an affiliated Company. The amount of payments made on the capital lease for the year end December 31, 2001 was $367,920. The equipment was sold to an affiliate after exercising the fair market buy out.

Capital lease consisted of the following at December 31:

	2001
Capital lease payable to leasing company, payable in monthly installments of $1,909.45, including interest at 14.29%, collateralized by furniture.	$ 45,504
Total	45,504
Less current maturities	17,529
Long-term debt	$ 27,975

Future minimum capital lease payments are due as follows:

Year ended December 31	
2002	$ 17,529
2003	20,205
2004	7,770
	$ 45,504

Rent expense aggregated $284,636 for the year ended December 31, 2001.

NOTE 11 – STOCK TRANSACTIONS

The Company's Directors approved a ten for one stock split for all current stockholders of record, and issued 2,427 new shares of no par common stock with a call option on June 6, 2001. The call option grants the Company the option to repurchase the newly issued shares at a fixed price of $481.19 per share, expiring two years from date of issuance of new shares. The issuance of new shares created additional paid in capital of $778,557. The majority stockholder accounted for $159,753 of the recorded additional paid in capital and 498 shares of common stock.

See accountants' report.

NOTE 11 – STOCK TRANSACTIONS (Continued)

The Company's Directors approved a stock option to a related party as part of the sale of an affiliate on June 14, 2001. The option grants the Purchaser the option to purchase up to three percent of the issued and outstanding common stock. The purchase price of such stock shall be \$50,000 for each one percent purchased. The option shall be exercisable by written notice from Purchaser to majority stockholder for a period of one year after June 14, 2001.

NOTE 12 – RETIREMENT PLAN

The Company has a 401(k) retirement plan. To be eligible to participate in the plan, an employee must have 1,000 hours of employment and attainment of age 21. Participants may contribute a portion of their compensation, up to 15% but not to exceed \$10,500 in 2001, to the plan. Company contributions are made at the discretion of management and may include a match of up to 6% of eligible wage declared at calendar year end. Participants are under a six year vesting schedule for employer contributions. The Company made no contributions to the plan during the year ended December 31, 2001.

NOTE 13 – CAFETERIA PLAN

The Company takes part in a Cafeteria Plan, commonly known as a Flexible Benefit Plan under Internal Revenue Code Section 125. The purpose of the plan is for the employee to elect to pay a portion of their premium for various health and dental coverage's under the employer-sponsored group insurance plan(s) on a pre-tax basis. The employee may become a participant in the plan upon acceptance by the insurance provider and full time employment.

NOTE 14 – NON-COMPETITION AGREEMENT

Related to a previous redemption of 1,000 shares of its common stock, the Company has a non-competition agreement with a former stockholder/employee. The agreement restricts the individual from certain activities for a ten-year period, through the year 2001. As consideration, the Company is paying the individual monthly installments of \$1,500 through the year 2001, for a total cost of \$180,000. Such payments are being expensed as they come due, and totaled \$16,500 for December 31, 2001.

See accountants' report.

NOTE 15 - CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of trade accounts receivable and are limited due to the large number of customers comprising the Company's customer base. The Company has a customer which is the amount recorded in unbilled receivables and accounted for approximately 63% of the Company's net sales for the year ended December 31, 2001. The Company maintains its cash in interest bearing checking, money market and savings accounts which, at times, may exceed federally insured limits or not be federally insured due to investment options. The Company has not experienced any losses in such accounts. Management believes the Company is not exposed to any significant credit risk related to cash.

NOTE 16 – PRIOR PERIOD CORRECTION

Certain changes in accounting procedures resulted in the understatement of the net income in the Company's previously issued 2000 financial statements. The 2000 net income previously reported, $199,597, is understated by $29,494 (net of $15,881 tax expense).

The changes listed above are from recording major purchases in a prior year that were originally expensed. Another correction was the write off of loan balances that were not offset against principal payments expensed in prior years.

NOTE 17 – CONTINGENCIES

The Company has a note receivable from affiliates that are cross guaranteed with each line of credit respectively. One affiliate is in violation of loan covenants and if the bank chooses may call the loan due. This option could result in a write down of the note receivable referred to in Note 9 and payment of a loan to the bank of $225,000 referred to in Note 6. These events could create a future loss based on the amounts currently outstanding. The Company and affiliates referred to in Note 9 have prepared a reorganization plan to put the covenants into formula. The affiliate has an off the balance sheet asset from the renewal of a lease agreement with the customer referred to in Note 10, with a value of approximately $2,200,000.

Subsequent to year end, the Company and affiliates referred to in Note 9 have implemented the reorganization plan and have been profitable. The plan called for termination of unneeded staff and non profitable departments. Administrative cuts have been implemented in certain locations including the merger of multiple locations into one.

See accountants' report.

SUPPLEMENTARY INFORMATION

INDEPENDENT TELECOMMUNICATIONS SYSTEMS, INC.
SCHEDULE OF COST OF EARNED REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2001

		2001	%
COST OF EARNED REVENUE:			
Hardware	$	653,102	11.2%
Circuits		210,432	3.6
Labor		620,747	10.6
Contract labor		42,652	0.7
Shipping and handling		11,172	0.2
Tools and supplies		5,075	0.1
Equipment rental		1,530	0.0
Travel and mileage		809	0.0
TOTAL COST OF EARNED REVENUE	$	1,545,519	26.4%

See accountants' report

INDEPENDENT TELECOMMUNICATIONS SYSTEMS, INC.
SCHEDULE OF SELLING, GENERAL AND ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2001

		2001	%
SELLING, GENERAL & ADMINISTRATIVE EXPENSES:			
Education and training	$	1,918	0.0%
Contract labor		20,892	0.4
Professional fees		49,656	0.9
Advertising		79,926	1.4
Office supplies		43,724	0.7
Telephone		137,529	2.3
Postage and shipping		13,316	0.2
Rent		283,105	4.8
Repair and maintenance		58,323	1.0
Utilities		50,246	0.9
Property tax		68,009	1.2
Travel and mileage		60,754	1.0
Meals and entertainment		59,075	1.0
Licenses and fees		34,670	0.6
Non-competition agreement		16,500	0.3
Charitable contributions		6,333	0.1
Dues and subscriptions		32,970	0.6
Bank charges		11,721	0.2
Business insurance		46,729	0.8
Medical insurance		178,557	3.1
Bad debt		47,223	0.8
Wages		2,078,879	35.5
Commissions		673,728	11.5
Payroll taxes		236,380	4.0
Automobile expense		101,651	1.7
Sales and use tax		1,663	0.0
Michigan Single Business Tax		31,278	0.5
Depreciation and amortization		612,656	10.5
Miscellaneous		(3,106)	(0.1)
TOTAL SELLING, GENERAL & ADMINISTRATIVE EXPENSES	$	5,034,305	85.9%

See accountants' report

INDEPENDENT TELECOMMUNICATIONS SYSTEMS, INC.
SCHEDULE OF OTHER INCOME AND EXPENSE
FOR THE YEAR ENDED DECEMBER 31, 2001

		2001	%
OTHER INCOME (EXPENSE):			
Interest income	$	1,868	0.0%
Interest expense		(110,094)	(1.9)
Other income		3,000	0.0
Loss on sale of investments		(42,966)	(0.7)
Gain on sale of assets		3,694	0.1
TOTAL OTHER INCOME (EXPENSE)	$	(144,498)	(2.5)%

See accountants' report